



FC BARCELONA
OFFICIAL PARTNER



MONTHLY PERFORMANCE OVERVIEW

SEPTEMBER 2016



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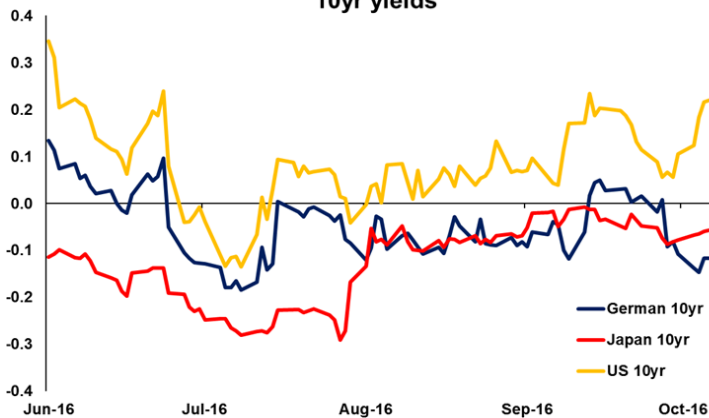
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MARKET OVERVIEW

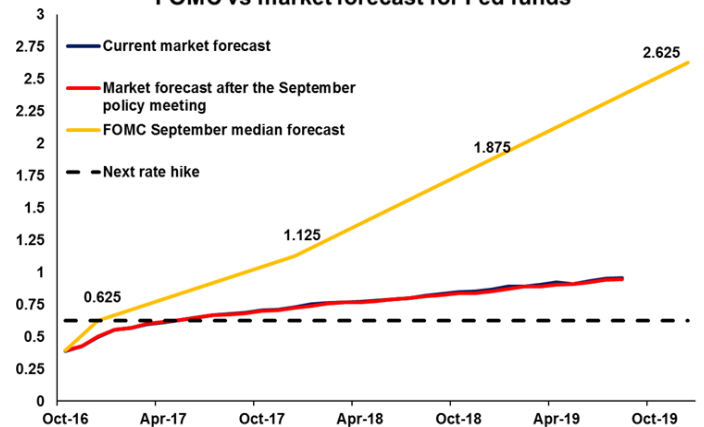
After an extended period of generally low market volatility, FX markets returned to the more familiar ground of assessing central bank activity and potential policy alterations in September. In practice, little changed in the policy background, but speculation surrounding policy accommodation or additional measures was extensive. The Bank of Japan and the Fed attracted most of the attention, with the European Central Bank and the Bank of England being of secondary importance. Expectations for further easing by the BoJ, and a possible rate hike or hints for some Fed action by year-end were the main drivers of the market. In the event, we saw nothing particularly compelling neither from the FOMC statement nor from Chair Yellen's press conference. Indeed, Fed fund futures pricing was little changed in the aftermath of the meeting. As for the BoJ, although we had a change in the policy framework and the Bank decided to abandon its monetary base target and opt for "QQE with Yield Curve Control" strategy, it did not deliver anything that could generate a weaker JPY.

With respect to the ECB, the Bank disappointed with the lack of any new information on the future of QE purchases. Alongside a subdued press conference with little real news, EUR maintained its narrow range against its major peers following the meeting. As for the BoE, the policymakers acknowledged that the data since their latest meeting had surprised to the upside, and reiterated their willingness to act again if the country's outlook at their next gathering is judged to be broadly consistent with the August Inflation Report. In our view, last month's developments were consistent with this year's string of disappointing central bank decisions, especially from Japan.

**German, Japan, and US
10yr yields**



FOMC vs market forecast for Fed funds



As we have noted in our report last month, we see reduced space for further USD appreciation and our reluctance to get too long USD proved to be a correct decision. Significant positive US data are now required for the greenback to remain supported. While we would expect strong data to generate demand for USD, as this would strengthen the case for a hike, we believe that we are still far from a structural rise in the US dollar. Also, the risks surrounding the near-term data response of the dollar are likely asymmetrical, with any disappointment in the upcoming US data likely to generate a bigger market reaction than in the case of positive figures, in our view. We prefer to wait for the economic data to show whether the US economy has strengthened further before exploiting more broad-based USD buying opportunities. Moreover, the US presidential election in November increases our averseness to get more confident on USD longs.

Against commodity currencies though, like AUD and NZD, we would look for opportunities to sell the greenback. Following the Fed's "dot" plot signal of lower for longer, demand for higher-yielding currencies should keep a favorable sentiment towards these currencies, especially AUD. In addition, the unexpected OPEC's tentative agreement at their end of September meeting, to target a cartel-wide production ceiling, is also likely to keep an upward pressure on commodity-linked pairs. Even though no firm action to reduce production is expected before details are decided at the official OPEC meeting at the end of November, any downward reassessment of OPEC's expected output path is likely to push oil prices higher, and keep a risk-on mood among investors.



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HYBRID STRATEGY

OVERALL
RETURN
SINCE
JUNE 2015

28.18%¹

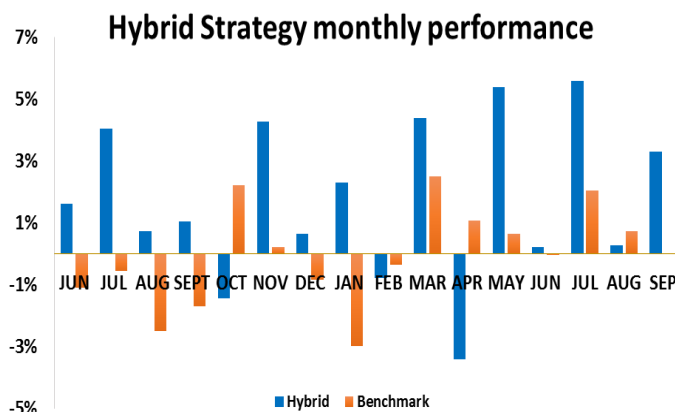
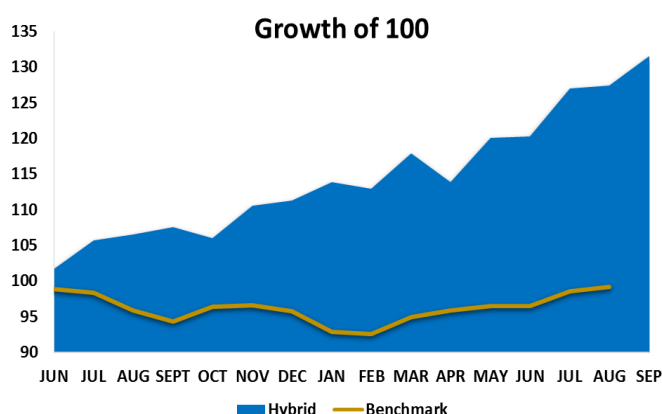
The Hybrid Strategy is an advanced trading strategy with medium-term timeframes based on fundamental and technical analysis. We combine our knowledge and expertise of the markets to take decisions depending on the prevailing global economic conditions and important technical levels. We seek to identify price movements through the use of a proprietary blend using, but not limited to the following: Economic news, options expirations, technical support and resistance levels, moving averages (50, 100, 200), Relative Strength Index and MACD (Moving Average Convergence Divergence) amongst others.

PORTFOLIO DETAILS

Launch date: 01.06.2015
Management fee per month: 0.167%
Performance fee²: 30%

Max drawdown: 4.2%
Subscription: Daily
Redemption: 5 days' notice

STRATEGY PERFORMANCE TO DATE



2016	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	YTD Return	Average Return
HYBRID ¹	2.29%	-0.77%	4.39%	-3.4%	5.82%	0.23%	5.58%	0.28%	3.3%	17.28%	1.92%
Benchmark ³	-2.99%	-0.36%	2.49%	1.08%	0.65%	-0.02%	2.06%	0.72%	n/a	3.63%	0.45%
Performance over benchmark	5.28%	-0.44%	1.90%	-4.48%	4.73%	0.21%	3.52%	-0.44%	n/a	13.65%	1.47%

2015	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD Return	Average Return
HYBRID ¹	1.62%	4.04%	0.72%	1.04%	-1.44%	4.26%	0.66%	10.90%	1.56%
Benchmark ⁴	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-4.23%	-0.60%
Performance over benchmark	2.71%	4.59%	3.22%	2.73%	-3.66%	4.04%	1.50%	15.13%	2.16%

¹ Past performance is not an indicator and does not guarantee or predict future performance

² For the performance fee high-water mark is used

³ You can find the benchmark in this link: http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html

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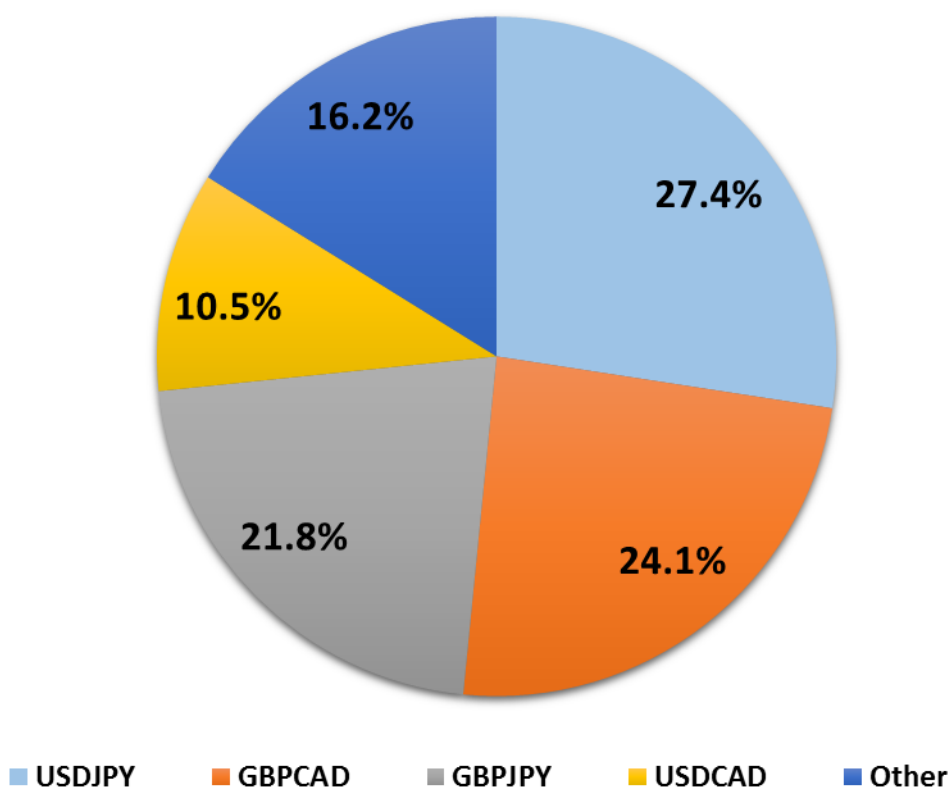
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SEPTEMBER HYBRID STRATEGY UPDATE

The Hybrid strategy finished with a positive performance in September, as the return to normal trading volumes and volatility offered many opportunities for tactical positioning. We also maintained our relatively small speculative USD-long positions, which extended their gains for the most part of the month. Even though the several central bank meetings little changed the policy background, the speculation surrounding policy accommodation and additional easing was extensive and offered good chances for locking profits in the early days of the month. Following Fed's meeting, where the committee kept rates on hold but noted that near-term risks to the economic outlook "appear roughly balanced", we expect USD to become more data-sensitive. Going forwards, we view the risks surrounding the near-term data response of the dollar asymmetrical, with any disappointment in the upcoming US data likely to generate a bigger market reaction than in the case of positive figures. As a result, we prefer to wait for the economic data to show the strength of the US economy before exploiting more broad-based USD buying opportunities and we would look for opportunities to sell the greenback against high-yielding currencies like AUD and NZD.

EXPOSURE ANALYSIS

IronFX Portfolio Management's Hybrid Strategy is traded on leveraged instruments, primarily on currency pairs such as EUR/USD, GBP/USD, USD/JPY, AUD/USD, USD/CAD, NZD/USD, GBP/JPY, EUR/JPY, EUR/GBP, GBP/CAD, USD/CHF and at times AUD/JPY. However, IronFX Portfolio Management reserves the right to add and remove any currency pair we deem to be either beneficial or harmful to the strategy.





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DYNAMIC STRATEGY

OVERALL
RETURN
SINCE
MAY 2015

182.12%⁵

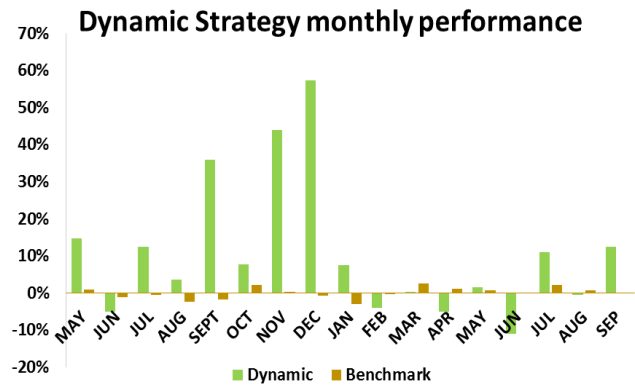
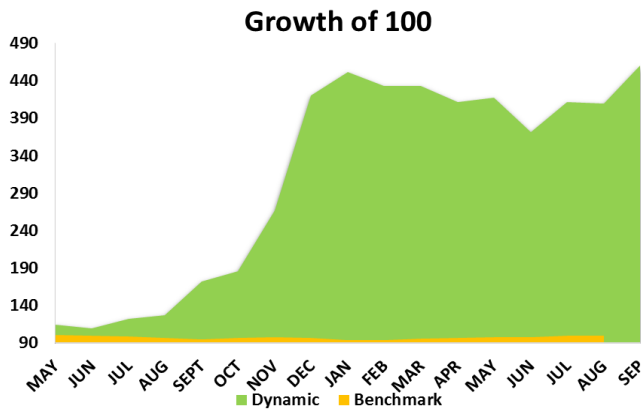
The Dynamic Strategy is an algorithmic and high-frequency trading strategy based primarily on technical indicators. We use an advanced, computerized trading infrastructure to execute a high volume of trades within short to medium-term timeframes. The key technical indicators we use are, modified Ichimoku Kinko Hyo and correlation matrix, among others.

PORTFOLIO DETAILS

Launch date: | 01.05.2015
Management fee: | 0.0%
Performance fee⁶: | 50%

Max drawdown: | 6.6%
Subscription: | Daily
Redemption: | 5 days' notice

STRATEGY PERFORMANCE TO DATE



2016	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	YTD Return	Average Return
DYNAMIC⁴	7.4%	-4.08%	0.04%	-5.1%	1.58%	-11.13%	11.0%	-0.47%	12.4%	11.65%	1.29%
Benchmark⁷	-2.99%	-0.36%	2.49%	1.08%	0.65%	-0.02%	2.06%	0.72%	n/a	3.65%	0.45%
Performance over benchmark	10.39%	-3.72%	-2.45%	-6.18%	0.93%	-11.15%	8.94%	-1.19%	n/a	8.02%	0.84%

2015	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD Return	Average Return
DYNAMIC⁴	14.75%	-5.03%	12.42%	3.63%	35.81%	7.66%	43.87%	57.36%	170.47%	21.31%
Benchmark⁸	0.81%	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-3.17%	-0.40%
Performance over benchmark	13.94%	-3.94%	12.97%	6.13%	37.50%	5.44%	43.65%	58.20%	173.64%	21.71%

⁵ Past performance is not an indicator and does not guarantee or predict future performance

⁶ For the performance fee high-water mark is used

⁷ You can find the benchmark in this link: http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html

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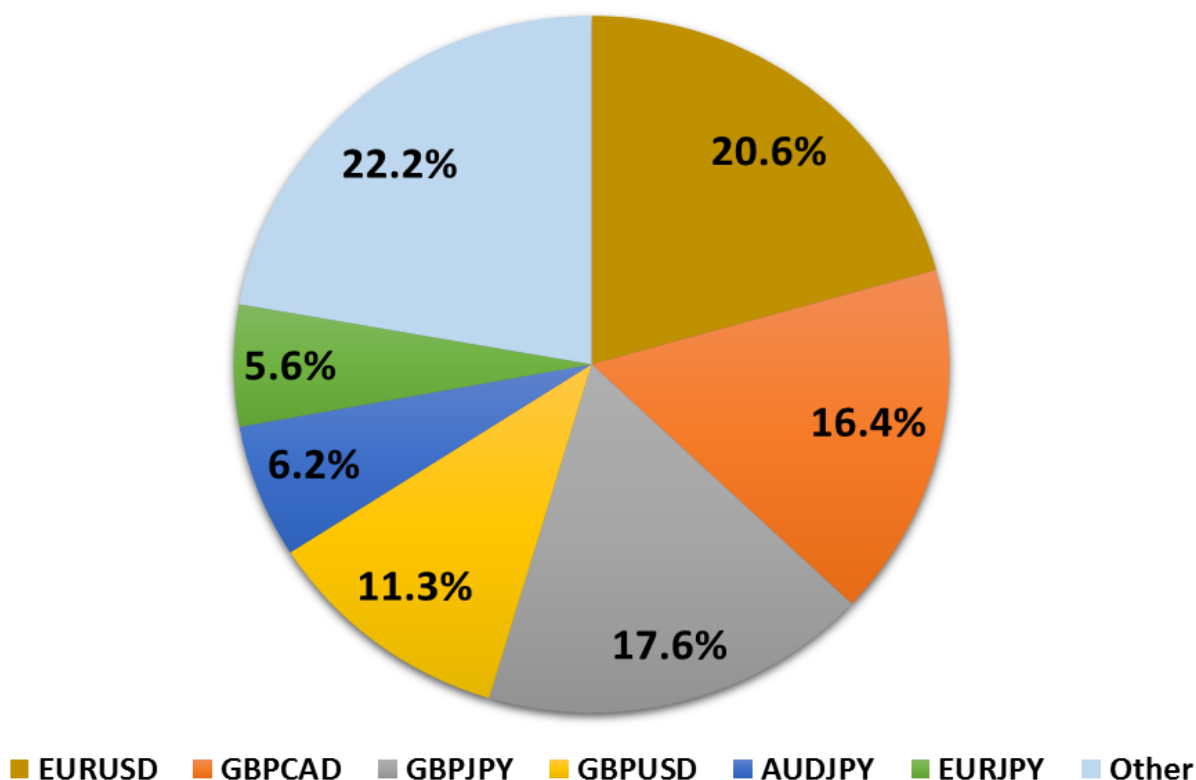
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SEPTEMBER DYNAMIC STRATEGY UPDATE

The Dynamic strategy finished with a strong positive return in September, turning again to an overall positive YTD performance. The return to normal trading volumes and the strategy's strong ability to exploit market trends, offered several opportunities that most of them proved profitable. The normal trading conditions also offered the opportunity to increase our overall risk exposure and exploit more intensively market movements with larger sizes per position. We continue to make necessary adjustments to our algorithmic trading strategy, in order to generate attractive risk-adjusted returns.

EXPOSURE ANALYSIS

IronFX Portfolio Management's Dynamic Strategy is traded on leveraged instruments, primarily on currency pairs such as EUR/USD, GBP/USD, USD/JPY, and EUR/JPY. However, IronFX Portfolio Management reserves the right to add and remove any currency pair we deem to be either beneficial or harmful to the strategy.





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